CITY OF SCARBOROUGH

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1987

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CITY OF SCARBOROUGH

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MUNICIPAL COUNCIL FOR 1988

Mayor	G. Harris
Controller	K. Morrish
Controller	J. Trimmer
Controller	M. Prinsloo
Controller	B. Belfontaine
Alderman - Ward 1	H. Barron
Alderman - Ward 2	G. Altobello
Alderman - Ward 3	J. Wardrope
Alderman - Ward 4	K. Christensen
Alderman - Ward 5	M. Mushinski
Alderman - Ward 6	F. Cruickshank
Alderman - Ward 7	B. Ashton
Alderman - Ward 8	S. M. Eidt
Alderman - Ward 9	J. Mackie
Alderman - Ward 10	R. Watson
Alderman - Ward 11	S. Cavalier
Alderman - Ward 12	D. Mahood
Alderman - Ward 13	B. Sanders
Alderman - Ward 14	E. Montgomery

DEPARTMENT HEADS - 1988

Senior Commissioner/Associate Clerk	J. J. Poots
City Clerk	J. W. Nigh
Treasurer and Commissioner Finance and Management Services	D. R. Creech
Executive Director of Economic Development	F. Miele
Planning Commissioner	K. J. Whitwell
Works Commissioner	R. K. Brown
Recreation and Parks Commissioner	B. F. Fleury
Commissioner of Buildings	G. H. Fleming
Commissioner of Maintenance and Construction	D. O'Leary
Personnel Commissioner	J. G. Campbell
Medical Officer of Health	Dr. E. K. Fitzgerald
Fire Chief	W. E. Wretham January - February T. L. Powell Effective February 28/88
City Solicitor	J. R. Ratchford

BOARDS AND COMMISSIONS - 1988

Scarborough Public Library Board	M. Daw, Chairman
Scarborough Board of Health	J. Sayer, Chairman
Scarborough Committee of Adjustment	R. E. Lusty, Chairman
Scarborough Public Utilities Commission	R. E. Cavanagh, Chairman
Scarborough Historical Museums Board	J. Kennedy, President
The Cliffside Village Business Improvement Area	S. Rutman, Chairman

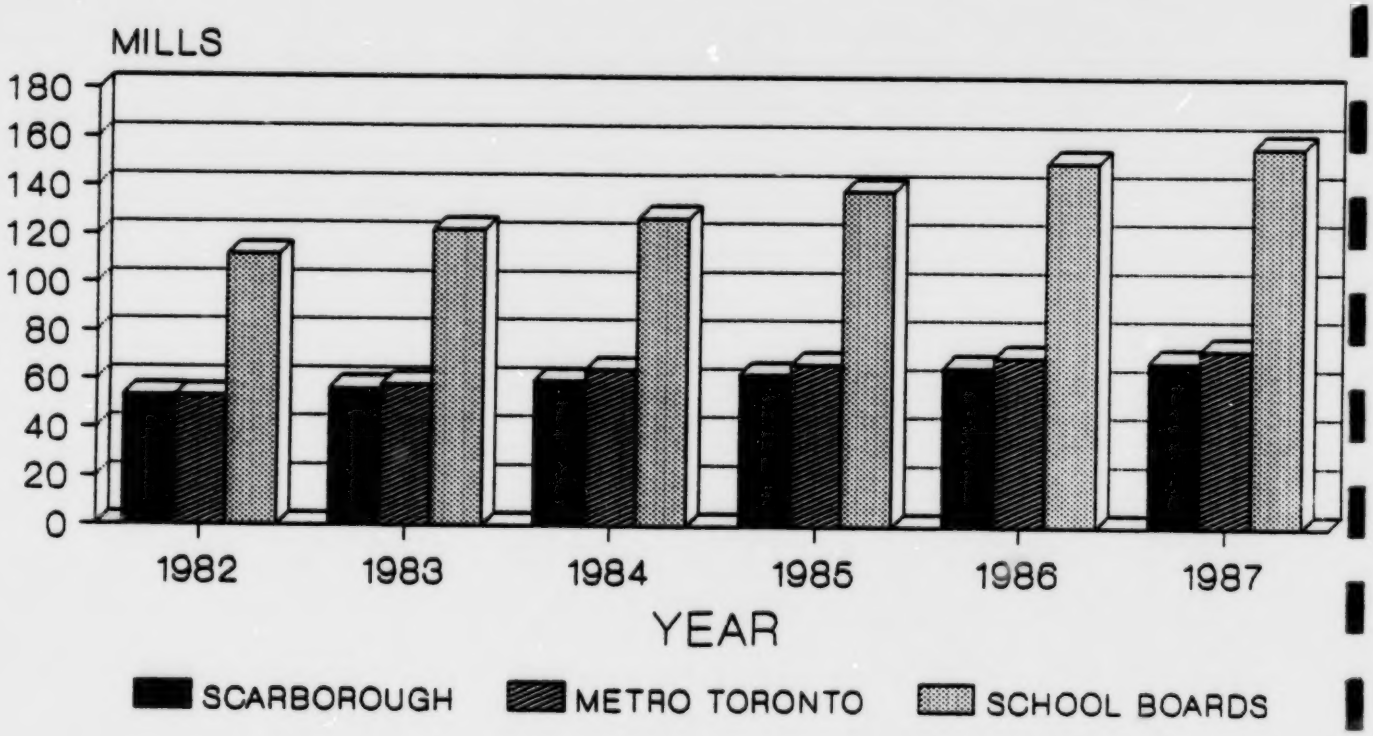
CITY OF SCARBOROUGH
SEVEN YEAR FINANCIAL REVIEW (PAGE 1) (NOT SUBJECT TO AUDIT)
(AMOUNTS IN THOUSANDS)

	1987	1986	1985	1984	1983	1982	1981
ASSESSMENT (TAXABLE)							
Residential and Farm	843,321	821,714	811,291	790,815	763,925	743,938	722,068
Commercial and Industrial	324,653	312,569	295,393	288,335	281,084	274,270	261,134
Business	153,393	148,566	141,155	137,965	134,416	132,159	125,198
Total	1,321,367	1,282,849	1,247,839	1,217,115	1,179,425	1,150,367	1,108,400
% Increase over Previous Year	3.0%	2.8%	2.5%	3.2%	2.5%	3.8%	2.2%
RATES OF TAXATION							
Residential and Farm							
General Municipal	68.48	65.76	62.69	59.74	56.53	53.51	48.73
Metro Toronto	73.14	69.84	66.92	64.47	58.05	53.19	48.49
School Boards	156.80	150.60	138.51	127.12	122.18	111.81	97.74
Total	298.42	286.20	268.12	251.33	236.76	218.51	194.96
% Increase over Previous Year	4.3%	6.7%	6.7%	6.2%	8.4%	12.1%	9.6%
Commercial and Industrial							
General Municipal	80.56	77.36	73.75	70.28	66.51	62.95	57.33
Metro Toronto	85.83	82.17	78.73	75.85	67.92	62.58	57.05
School Boards	184.81	177.18	162.95	149.56	143.75	131.55	115.00
Total	351.20	336.71	315.43	295.69	278.18	257.08	229.38
% Increase over Previous Year	4.3%	6.7%	6.7%	6.3%	8.2%	12.1%	9.6%
TRANSFERS TO METRO TORONTO	111,008	103,389	96,231	90,314	78,752	70,714	62,798
% Increase over Previous Year	7.4%	7.4%	6.6%	14.7%	11.4%	12.6%	11.1%
TRANSFERS TO SCHOOL BOARDS	235,523	220,031	196,268	175,808	163,614	146,453	124,686
% Increase over Previous Year	7.0%	12.1%	11.6%	7.5%	11.7%	17.5%	12.4%
RESERVES AND RESERVE FUNDS (YEAR END BALANCES)							
Reserves	7,342	7,192	6,942	6,692	6,455	5,825	5,240
Reserve Funds	49,388	40,118	39,379	42,342	41,773	39,830	36,706
Total	56,730	47,310	46,321	49,034	48,228	45,655	41,946
ACCUMULATED NET REVENUE - END OF YEAR							
City	5,367	4,654	4,511	5,680	6,188	5,198	6,697
Library	111	288	215	105	42	119	176
Special Charges	743	857	942	986	1,029	958	1,013
Business Improvement Areas	19	25	34	52	34	11	2
Museum Board	10	9	-	-	-	-	-
Total	6,250	5,833	5,702	6,823	7,293	6,286	7,888

CITY OF SCARBOROUGH
SEVEN YEAR FINANCIAL REVIEW (PAGE 2) (NOT SUBJECT TO AUDIT)
(AMOUNTS IN THOUSANDS)

REVENUE FUND	1987	1986	1985	1984	1983	1982	1981
Revenues							
Taxation	100,864	94,532	87,546	81,394	74,722	69,196	61,343
Payments in Lieu	14,025	13,174	12,607	11,606	10,882	9,884	9,292
Ontario Grants	21,929	20,997	20,599	20,384	19,775	19,796	15,702
Other Grants	729	618	490	704	470	396	190
Fees and Service Charges	10,057	8,203	5,977	5,545	4,930	4,377	4,099
Investment Income	6,870	6,928	6,204	6,515	4,669	5,864	6,173
Other	13,948	12,760	10,853	9,809	13,388	11,463	10,932
Total	168,422	156,645	144,276	135,957	128,836	120,976	107,731
% Increase over Previous Year	7.5%	8.6%	6.1%	5.5%	6.5%	12.3%	19.3%
Expenditures							
General Government	22,763	19,689	17,287	15,117	15,056	17,137	13,761
Protection to Persons & Property	32,104	30,501	28,159	26,280	25,105	23,280	20,642
Transportation Services	28,913	29,202	28,452	26,409	26,071	25,043	20,843
Environmental Services	16,581	16,567	16,307	15,719	16,878	16,442	12,836
Health Services	8,458	8,019	7,581	7,030	6,332	5,815	5,035
Recreation & Cultural Services	42,022	37,360	37,362	34,889	34,191	30,804	26,976
Planning and Development	5,852	5,337	5,400	5,091	4,217	4,008	3,462
Other	85	79	40	3	3	3	3
Total	156,778	146,754	140,588	130,538	127,853	122,532	103,558
% Increase over Previous Year	6.8%	4.4%	7.7%	2.1%	4.3%	18.3%	15.3%
CAPITAL FUND							
Revenues							
Contributions from own funds	11,920	18,046	16,608	13,656	13,842	13,249	10,529
Long-term liabilities incurred	3,224	2,915	2,939	1,251	5,827	4,544	9,080
Ontario Grants	6,891	6,064	4,949	4,587	3,810	3,336	3,485
Other	2,600	1,134	2,796	4,216	2,191	6,899	6,250
Total	24,635	28,159	27,292	23,710	25,670	28,028	29,344
Expenditures	27,296	24,311	29,031	26,760	23,079	23,748	24,774
Unfinanced Capital Outlay at Beginning of Year	26	3,874	2,135	(915)	1,676	5,955	10,525
Unfinanced Capital Outlay at End of Year	2,687	26	3,874	2,135	(915)	1,676	5,955

CITY OF SCARBOROUGH
RESIDENTIAL MILL RATE COMPOSITION

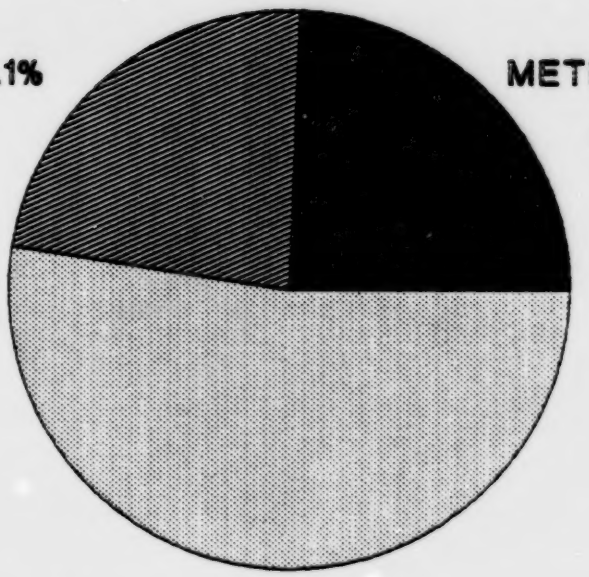


Residential Mill Rate

	1982	1983	1984	1985	1986	1987
Scarborough	53.51	56.53	59.74	62.69	65.76	68.48
Metro Toronto	53.19	58.05	64.47	66.92	69.84	73.14
School Boards	111.81	122.18	127.12	138.51	150.60	156.80
	218.51	236.76	251.33	268.12	286.20	298.42

CITY OF SCARBOROUGH
1987
ALLOCATION OF PROPERTY TAXES

SCARBOROUGH 23.1%
(1986--23.2%)



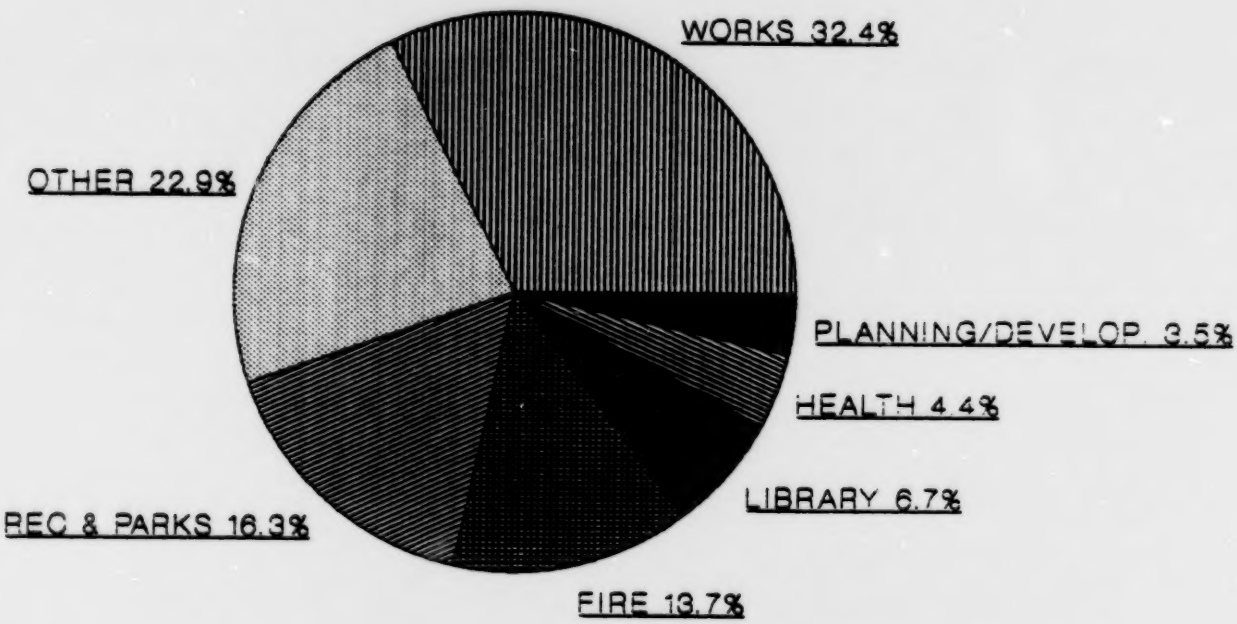
METRO TORONTO 24.4%
(1986--24.3%)

SCHOOL BOARDS 52.5%
(1986--52.5%)

Scarborough	$100,864,199
Metro Toronto	$106,558,874
School Boards	$229,345,379
	$436,768,452

CITY OF SCARBOROUGH
1987 OPERATIONS
CURRENT, CAPITAL, & RESERVE FUNDS

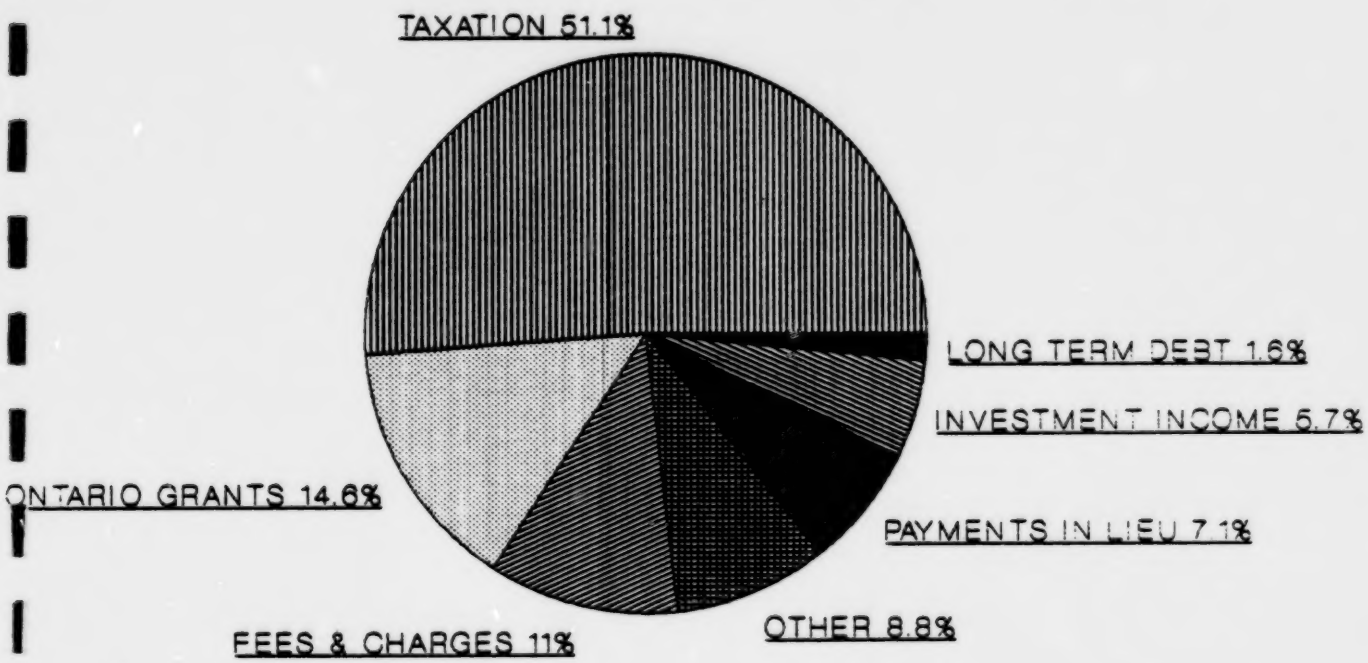
WHERE IT GOES



Works	- $	63,943,000
Fire	- $	27,085,000
Recreation & Parks	- $	32,036,000
Library	- $	13,221,000
Health	- $	8,760,000
Planning & Develop.	- $	6,965,000
Other	- $	45,048,000
	$	197,058,000

CITY OF SCARBOROUGH
1987 OPERATIONS
CURRENT, CAPITAL, & RESERVE FUNDS

WHERE IT COMES FROM



Taxation	- $ 100,864,000
Payments in Lieu	- $ 14,025,000
Ontario Grants	- $ 28,820,000
Fees & Special Charges	- $ 21,724,000
Investment Income	- $ 11,158,000
Long Term Debt	- $ 3,224,000
Other	- $ 17,243,000
	$ 197,058,000

THE CORPORATION OF THE CITY OF SCARBOROUGH

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1987

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Deloitte
Haskins + Sells

Suite 900
10 Milner Business Court
Scarborough, Ontario M1B 3C6
(416) 293-7704
Cable DEHANDS

AUDITORS' REPORT

To the Members of Council,
Inhabitants and Ratepayers of the
Corporation of the the City of Scarborough

We have examined the consolidated balance sheet of the Corporation of the City of Scarborough, as at December 31, 1987, and the consolidated statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation of the City of Scarborough as at December 31, 1987, and the results of its operations for the year then ended in accordance with the accounting principles disclosed in Note 1 to the consolidated financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells.

Chartered Accountants

February 26, 1988.

CITY OF SCARBOROUGH
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 1987

	1987 $	1986 $
ASSETS		
UNRESTRICTED		
Cash	619,852	1,492,567
Investments (Note 5)	24,429,260	12,432,065
Taxes receivable (Note 3)	7,973,365	10,776,746
User charges receivable	125,846	102,564
Accounts receivable	8,162,366	6,271,726
Inventories and supplies at cost	1,350,297	1,399,009
Underlevies and other receivables	870,857	749,249
	43,531,843	33,223,926
RESTRICTED		
Cash	100	100
Investments (Note 5)	47,987,492	40,506,253
	47,987,592	40,506,353
CAPITAL OUTLAY FINANCED BY LONG-TERM LIABILITIES AND TO BE RECOVERED IN FUTURE YEARS (Note 1(b))	27,902,733	30,926,828
	119,422,168	104,657,107
LIABILITIES		
Temporary loans	1,008,008	-
Accounts payable and accrued liabilities	23,548,676	15,973,091
Deferred revenue	6,669,166	4,640,141
	31,225,850	20,613,232
Net Long-Term Liabilities (Note 8)	27,902,733	30,926,828
	59,128,583	51,540,060
FUND BALANCE AT THE END OF THE YEAR		
To be used to offset taxation or user charges in 1988 (Note 9)	6,250,425	5,833,430
Capital operations not yet permanently financed (Note 9)	(2,687,484)	(26,433)
Reserves (Note 10)	7,342,298	7,192,298
Reserve funds (Note 10)	49,388,346	40,117,752
	60,293,585	53,117,047
	119,422,168	104,657,107

The accompanying notes are an integral part of this financial statement.

CITY OF SCARBOROUGH

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1987

SOURCES OF FINANCING	ACTUAL 1987 $	ACTUAL 1986 $
TAXATION AND USER CHARGES		
Residential and farm taxation	251,946,116	236,754,528
Commercial, industrial and business taxation	184,822,336	171,188,691
Taxation from other governments	24,652,721	23,183,200
User charges	21,724,288	17,904,171
GRANTS		
Government of Canada	1,164,421	293,532
Province of Ontario	28,819,845	27,060,468
Other municipalities	595,924	638,590
OTHER		
Contributions from developers	5,825,717	5,345,300
Investment income	11,158,339	10,857,115
Excess sinking fund earnings	1,458,685	781,067
Penalties, fines and other	1,379,340	1,288,973
Sale of land	1,011,249	1,242,671
Deduct: Amounts received or receivable on behalf of:		
The Municipality of Metropolitan Toronto (Note 2)	(111,008,231)	(103,389,391)
Metropolitan Toronto School Boards (Note 2)	(235,523,350)	(220,031,358)
Proceeds from the issue of long-term liabilities	3,223,594	2,915,123
MUNICIPAL FUND BALANCES AT THE BEGINNING OF THE YEAR (Note 9) To be used to offset taxation and user charges	5,833,430	5,702,779
Capital operations not yet permanently financed	(26,433)	(3,874,419)
Total financing available during the year	197,057,991	177,861,040

The accompanying notes are an integral part of this financial statement.

CITY OF SCARBOROUGH

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1987

APPLIED TO	ACTUAL 1987 $	ACTUAL 1986 $
CURRENT OPERATIONS (Notes 11, and 13)		
General government	22,763,454	19,689,489
Protection to persons and property	32,104,406	30,500,809
Transportation services	28,913,275	29,201,659
Environmental services	16,580,570	16,567,109
Health services	8,457,928	8,018,940
Recreation and cultural services	42,022,145	37,360,259
Planning and development	5,852,204	5,336,968
Other	84,368	78,655
	156,778,350	146,753,888
CAPITAL OPERATIONS		
General government	3,062,390	1,807,586
Protection to persons and property	1,135,442	455,083
Transportation services	11,627,966	9,350,754
Environmental services	6,821,164	8,443,983
Health services	301,628	1,126,632
Recreation and cultural services	3,234,417	1,513,742
Planning and development	1,113,099	1,613,420
	27,296,106	24,311,200
Net appropriations to reserves and reserve funds	9,420,594	988,955
MUNICIPAL FUND BALANCES AT THE END OF THE YEAR (Note 9) To be used to offset taxation and user charges	6,250,425	5,833,430
Capital operations not yet permanently financed	(2,687,484)	(26,433)
Total applications during the year	197,057,991	177,861,040

1. ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the City of Scarborough are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

a) i) Basis of Consolidation

These consolidated statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund, reserve funds and reserves and include the activities of all committees of Council and the following boards which are under the control of Council:

The Board of Health for the City of Scarborough Health Unit
Scarborough Public Library Board
The Birch Cliff Village Business Improvement Area
The Cliffside Village Business Improvement Area
Scarborough Historical Museums Board

All interfund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of loans or advances between the reserve funds and any other fund of the municipality and the resulting interest income and expenditures.

ii) Non-Consolidated Entities

The following local boards, joint local boards, municipal enterprises and utilities are not consolidated.

Public Utilities Commission of the City
of Scarborough - Water Utility
- Electric Utility

iii) Accounting for Region and School Board Transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the Metropolitan Toronto School Boards and the Municipality of Metropolitan Toronto are not reflected in the municipal fund balances of these financial statements. Overlevies (underlevies) are reported on the "Consolidated Balance Sheet" as "other current liabilities" ("other current assets").

1. ACCOUNTING POLICIES (CONT'D)

iv) Trust Funds

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the "Trust Funds Statement of Continuity and Balance Sheet".

b) Basis of Accounting

i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest charges on long-term liabilities which are charged against operations in the periods in which they are paid.

ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

iii) Fixed Assets

The historical cost and accumulated depreciation for fixed assets are not recorded for municipal purposes. Fixed assets are reported as an expenditure on the "Consolidated Statement of Operations" in the year of acquisition.

iv) Capital Outlay to be Recovered in Future Years

"Capital outlay to be recovered in future years," which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures or capital funds transferred to other organizations, is reported on the "Consolidated Balance Sheet."

2. OPERATIONS OF THE METROPOLITAN TORONTO SCHOOL BOARDS AND THE MUNICIPALITY OF METROPOLITAN TORONTO

Further to note 1(a) (iii), the taxation, other revenues, expenditures and overlevies (underlevies) of the Metropolitan Toronto School Boards and The Municipality of Metropolitan Toronto are comprised of the following:

	METROPOLITAN TORONTO SCHOOL BOARDS $	THE MUNICIPALITY OF METROPOLITAN TORONTO $
Taxation and user charges	235,523,350	111,008,231
Requisitions	235,619,807	110,997,418
(Underlevies) overlevies for the year	(96,457)	10,813
Underlevies at the beginning of the year	(139,111)	(6,415)
(Underlevies) overlevies at the end of the year	(235,568)	4,398

3. TAXES RECEIVABLE

The taxes receivable totalling $7,973,365 (1986 - $10,776,746) represent uncollected taxes billed for the following purposes:

	1987 $	1986 $
General municipal	1,833,874	2,476,166
The Municipality of Metropolitan Toronto	1,913,608	2,629,797
Metropolitan Toronto School Boards	4,225,883	5,670,783
	7,973,365	10,776,746

Total taxes receivable include $2,831,561 (1986 - $3,750,781) in supplementary taxes levied with due dates after December 31.

4. TRUST FUNDS

Trust funds administered by the Municipality amounting to $38,331,562 (1986 - $35,029,838) have not been included in the "Consolidated Balance Sheet" nor have their operations been included in the "Consolidated Statement of Operations".

5. INVESTMENTS

The total investments of $72,416,752 (1986 - $52,938,318) reported on the "Consolidated Balance Sheet" at cost, have a market value of $74,179,155 (1986 - $54,793,389) at the end of the year.

	1987		1986	
	COST $	MARKET VALUE $	COST $	MARKET VALUE $
Investments - unrestricted	24,429,260	24,560,294	12,432,065	12,517,814
- restricted	47,987,492	49,619,161	40,506,253	42,275,575
	72,416,752	74,179,455	52,938,318	54,793,389

6. PENSION AGREEMENTS

a) Ontario Municipal Employees Retirement Fund

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 1908 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 1987 was $4,074,126 (1986 - $3,864,664) for current service and is included as an expenditure on the "Consolidated Statement of Operations."

Under the past service provision of the OMERS agreement, the municipality is obligated at December 31, 1987 for an amount of approximately $3,748,895 (1986 - $4,559,905) as established for the plan. No provision has been made for this liability. This liability is being funded by annual payments of $697,409 from 1988 to 1992 and $52,361 from 1993 to 1997. An amount $697,409 (1986 - $716,350) in addition to the amount for current service has been provided for in the current year and is reported as an expenditure in the "Consolidated Statement of Operations."

b) Metropolitan Toronto Pension Fund

The municipality makes contributions to the Metropolitan Toronto Pension Fund on behalf of 217 members of its staff. This is a multi-employer plan consisting of the participating municipalities of The Municipality of Metropolitan Toronto, the cities of North York, Scarborough, and York, and the Borough of East York. The fund is administered by the Metropolitan Toronto Pension Fund Board of Trustees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. All permanent employees joining the participating Municipalities subsequent to January 1, 1966 became members of the OMERS Plan as described in Note 6(a).

The amount contributed to the Metropolitan Toronto Pension Fund for 1987 was $454,642 (1986 - $491,558) for current service and is included as an expenditure on the "Consolidated Statement of Operations."

Under the past service provision of the agreement, the Municipality is obligated at December 31, 1987 for an amount of approximately $3,334,757 (1986 - $5,004,500) as established for the plan. No provision has been made for this liability. This liability is being funded by annual payments of $494,792 from 1988 to 1992 and $122,971 from 1993 to 1997. An amount $494,792 (1986 - $646,600) in addition to the amount for current service has been provided for in the current year and is reported as an expenditure in the "Consolidated Statement of Operation."

7. LIABILITY FOR VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the municipality's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on terminating, amounted to $13,308,417 (1986 - $12,649,429) at the end of the year. An amount of $335,000 (1986 - $335,000) has been provided for in the current year and is reported on the "Consolidated Statement of Operations". Similar amounts will be provided for annually in the years 1988 to 1990 to establish a reserve fund to minimize the effect of exceptionally large payments in any given year. The provision to date together with interest earned amounts to $739,985 (1986 -$351,922) at year end and is reported as part of "Reserve Funds" on the "Consolidated Balance Sheet".

8. NET LONG-TERM LIABILITIES

	1987 $	1986 $
a) The balance of the net long-term liabilities reported on the "Consolidated Balance Sheet" is made up of the following:		
The municipality has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by other municipalities. At the end of the year, the principal amount of this liability is	51,873,529	60,701,452
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by others for a principal amount of	(2,482,274)	(3,235,952)
The total value of sinking funds and the balance in the Ministry of the Environment Debt Retirement Fund which have been accumulated to the end of the year to retire the outstanding long-term liabilities included above, amount to	(21,488,522)	(26,538,672)
Net long-term liabilities at the end of the year	27,902,733	30,926,828

8. NET LONG TERM LIABILITIES (CONT'D)

b) Of the net long-term liabilities reported in (a) of this note, $20,087,653 in principal payments are payable from 1988 to 1992, $6,367,182 from 1993 to 1997 and $1,447,898 thereafter and are summarized as follows:

	1988 to 1992 $	1993 to 1997 $	1998 and Thereafter $
from general municipal revenues	17,402,505	5,199,413	998,912
from benefitting landowners	2,685,148	1,167,769	448,986
	20,087,653	6,367,182	1,447,898

c) Included in "Net long-term liabilities" on the "Consolidated Balance Sheet" is an amount of $6,774,161 (1986 - $7,939,853) payable in U.S. currency, which is converted into Canadian dollars at the rate of exchange prevailing when the liability was incurred. If the liability is converted into Canadian dollars at the exchange rate prevailing at December 31, 1987 the liability would be increased by $713,449 (1986 - $1,582,375).

d) Approval of the Ontario Municipal Board has been obtained for the long-term liabilities in (a) issued in the name of the municipality.

e) The municipality is contingently liable for long-term liabilities with respect to shoreline property assistance loans, and for those for which the responsibility for the payment of principal and interest has been assumed by The Public Utilities Commission of The City of Scarborough. The total amount outstanding as at December 31, 1987 is $2,482,274 (1986 - $3,235,952) and is not recorded on the "Consolidated Balance Sheet."

9. MUNICIPAL FUND BALANCES AT THE END OF THE YEAR

a) The balances on the "Consolidated Statement of Operations" of the municipal equity of $3,562,941 (1986 - $5,806,997) at the end of the year are comprised of the following:

	1987 $	1986 $
- for general reduction of taxation or user charges	5,507,432	4,976,511
- for benefitting landowners related to special charges	742,993	856,919
	6,250,425	5,833,430
- capital operations not yet permanently financed	(2,687,484)	(26,433)
	3,562,941	5,806,997

b) Approval of the Ontario Municipal Board has been obtained for the pending issue(s) of long-term liabilities and for those commitments to be financed from revenues beyond the term of Council.

10. RESERVES AND RESERVE FUNDS

The total balances of reserves and reserve funds of $7,342,298 (1986 - $7,192,298) and $49,388,346 (1986 - $40,117,752) respectively, are made up of the following:

	1987 $	1986 $
Reserves set aside for specific purpose by Council		
Working Capital	7,342,298	7,192,298
Total reserves	7,342,298	7,192,298

10. RESERVES AND RESERVE FUNDS (CONT'D)

	1987 $	1986 $
Reserve funds set aside for specific purpose by Council		
Equipment replacement	6,894,433	6,567,116
Employee benefits	2,566,709	2,438,631
Parking	395,358	275,860
Debt retirement	2,040,430	718,407
Land purchases	3,180,814	1,946,770
Self insurance	215,266	20,104
Town Centre programs	13,872	17,031
Debenture debt reduction	4,088,762	1,546,877
Civic Centre expansion	2,560,964	2,333,119
Vested sick leave benefits	739,985	351,922
Racquet sports	124,276	105,323
	22,820,869	16,321,160

	1987 $	1986 $
Reserve funds set aside for specific purpose by legislation, regulation or agreement		
Sewer impost	9,478,119	8,393,244
Parks	6,151,217	6,724,274
Parks development	3,928,257	2,051,358
Cash-in-lieu of services	3,931,142	3,637,547
Subdivision services	3,078,742	2,990,169
	26,567,477	23,796,592
Total reserve funds	49,388,346	40,117,752

11. CHARGES FOR NET LONG-TERM LIABILITIES

Total charges for the year for net long-term liabilities, which are reported on the "Consolidated Statement of Operations", are as follows:

	1987 $	1986 $
Principal payments including contributions to sinking funds and to the Ministry of the Environment Debt Retirement Fund	4,668,235	5,022,775
Interest	4,507,117	5,394,373
	9,175,352	10,417,148

The charges for long term liabilities assumed by the non-consolidated entities or by individuals in the case of shoreline property assistance loans are not reflected in these statements.

12. CONTINGENT LIABILITIES

As at December 31, 1987 there were pending legal actions against the City. The outcome at this time remains indeterminate in each case. In addition, there is a judgement against the City in the amount of $3,000,000 which is currently under appeal. A provision of $1,500,000 has been reported as an expenditure on the "Consolidated Statement of Operations". To date a total of $2,250,000 has been provided in the event the appeal is unsuccessful.

The Board of Health for the City of Scarborough Health Unit has been named as a co-defendant with the Province of Ontario, together with others, in two Statements of Claim filed with the Supreme Court of Ontario. Since the Board is unable to determine the amount, if any, that it may be responsible for, the financial statements contain no provision for this claim nor the recovery, if any, that the Board may realize from its insurers. In addition, the Board intends to develop and vigorously defend against this action.

13. NONACCRUAL OF INTEREST ON LONG-TERM LIABILITIES

No provision has been made in these financial statements for the accrual of interest on the net long-term liabilities. Had this provision been made, the municipal fund balances as at December 31, 1987 would have been decreased by $582,746 (1986 - $715,377).

14. BUDGET FIGURES

Budgets established for Capital Funds, Reserves and Reserve Funds are based on a project-oriented basis, the costs of which may be carried out over one or more years. As such, they are not directly comparable with current year actual amounts and budgets have therefore not been reflected on the "Consolidated Statement of Operations."

15. PUBLIC LIABILITY INSURANCE

In recent years there have been substantial increases in the premiums charged by the insurance industry for public liability insurance. As a result, the municipality has undertaken some portion of the risk, which would normally have been covered by outside insurers.

The municipality is self insured for public liability claims up to $1,000,000 for any individual claim or for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these limits, up to a maximum of $10,000,000.

The municipality has made provision for a reserve fund for self insurance which at December 31, 1987 amounted to $215,266 and is reported on the "Consolidated Balance Sheet" under "Reserve Funds." The provision for the year of $200,000 has been reported as an expenditure on the "Consolidated Statement of Operations." The Municipality plans to fund the reserve to an amount of $1,000,000 by equal provisions of $250,000 over the next three years.

There have been no liability claims settled subsequent to the establishment of this reserve fund.

SCHEDULE 1

CITY OF SCARBOROUGH
ANALYSIS OF CURRENT OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1987

REVENUE	BUDGET 1987 $	ACTUAL 1987 $	ACTUAL 1986 $
TAXATION AND USER CHARGES			
Residential and farm taxation)		251,946,116	236,754,528
Commercial, industrial and)			
business taxation)	454,790,125	184,822,336	171,188,691
Taxation from other governments)		24,652,721	23,183,200
User charges	17,765,332	21,614,145	17,865,187
Deduct			
Amount received or receivable on the behalf of:			
The Municipality of Metropolitan Toronto	(109,012,831)	(111,008,231)	(103,389,391)
Metropolitan Toronto School Boards	(231,216,194)	(235,523,350)	(220,031,358)
GRANTS			
Government of Canada	9,100	164,421	47,440
Province of Ontario	22,642,800	21,928,671	20,996,789
Other municipalities	502,300	564,989	570,136
OTHER			
Investment income	4,930,000	6,869,790	6,928,176
Penalties, fines, and other	1,335,000	1,379,340	1,288,973
Sale of land	-	1,011,249	1,242,671
NET MUNICIPAL REVENUE	161,745,632	168,422,197	156,645,042
EXPENDITURES			
General government	22,031,400	22,763,454	19,689,489
Protection to persons and property	32,545,400	32,104,406	30,500,809
Transportation services	29,974,900	28,913,275	29,201,659
Environmental services	17,525,900	16,580,570	16,567,109
Health services	8,934,400	8,457,928	8,018,940
Recreation and cultural services	41,933,450	42,022,145	37,360,259
Planning and development	5,911,000	5,852,204	5,336,968
Other	85,000	84,368	78,655
	158,941,450	156,778,350	146,753,888
NET APPROPRIATIONS TO OTHER FUNDS			
. reserves	150,000	150,000	250,000
. reserve funds	3,082,000	6,802,272	5,584,185
. capital operations	4,564,900	4,274,580	3,926,318
	7,796,900	11,226,852	9,760,503
	(4,992,718)	416,995	130,651
Fund Balance at the beginning of the year	4,992,718	5,833,430	5,702,779
Fund Balance at the end of the year	NIL	6,250,425	5,833,430

SCHEDULE 2

CITY OF SCARBOROUGH
ANALYSIS OF CAPITAL OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1987

	ACTUAL 1987 $	ACTUAL 1986 $
SOURCES OF FUNDS		
Long term liabilities incurred	3,223,594	2,915,123
Government of Canada grants	1,000,000	246,092
Province of Ontario grants	6,891,174	6,063,679
Other municipalities	30,935	68,454
Excess sinking fund earnings	1,458,685	781,067
Other	110,143	38,984
Appropriations from other funds		
- Current operations	4,274,580	3,926,318
- Reserve funds	7,645,944	14,119,469
	24,635,055	28,159,186
EXPENDITURES		
General government	3,062,390	1,807,586
Protection to persons and property	1,135,442	455,083
Transportation services	11,627,966	9,350,754
Environmental services	6,821,164	8,443,983
Health services	301,628	1,126,632
Recreation and cultural services	3,234,417	1,513,742
Planning and development	1,113,099	1,613,420
	27,296,106	24,311,200
Unfinanced capital outlay at the beginning of the year	26,433	3,874,419
Unfinanced capital outlay at the end of the year	2,687,484	26,433

SCHEDULE 3

CITY OF SCARBOROUGH
ANALYSIS OF RESERVE AND RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1987

	1987 ACTUAL $	1986 ACTUAL $
RESERVES		
Balance at the beginning of the year	7,192,298	6,942,298
Appropriation from current operations	150,000	250,000
Balance at the end of the year	7,342,298	7,192,298
RESERVE FUNDS		
Balance at the beginning of the year	40,117,752	39,378,797
Revenue		
Contributions from developers	5,825,717	5,345,300
Interest earned	4,288,549	3,928,939
Net appropriation from revenue fund	6,802,272	5,584,185
	16,916,538	14,858,424
Expenditures		
Net appropriation to capital fund	7,645,944	14,119,469
	7,645,944	14,119,469
Balance at the end of the year	49,388,346	40,117,752

CITY OF SCARBOROUGH

TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1987

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Deloitte
Haskins + Sells

Suite 900
10 Milner Business Court
Scarborough, Ontario M1B 3C6
(416) 293-7704
Cable DEHANDS

AUDITORS' REPORT

To the Members of Council,
Inhabitants and Ratepayers of
the Corporation of the City of Scarborough

We have examined the trust funds balance sheet of the Corporation of the City of Scarborough, as at December 31, 1987, and the statement of continuity of trust funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the trust funds for the Corporation of the City of Scarborough as at December 31, 1987, and the continuity of trust funds for the year then ended in accordance with accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins & Sells.

Chartered Accountants

February 26, 1988.

Deloitte/Samson a member of Deloitte Haskins & Sells International

CITY OF SCARBOROUGH

BALANCE SHEET - TRUST FUNDS

AS AT DECEMBER 31, 1987

	1987 $	1986 $
ASSETS		
Cash	100	100
Investments (Note 3)	1,287,202	1,272,570
Due from the City of Scarborough	96,277	51,976
Loans receivable		
Ontario Home Renewal Program	588,342	685,164
Securities held for subdividers	36,359,641	33,020,028
	38,331,562	35,029,838
LIABILITIES		
Balance - capital	38,331,562	35,029,838
	38,331,562	35,029,838

The accompanying notes are an integral part of this Financial Statement.

CITY OF SCARBOROUGH

STATEMENT OF CONTINUITY - TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1987

	Total $	Subdividers' Securities $	Cash-in-Lieu of Bonds $	Centennial Baby Fund $	Ontario Home Renewal Program $
Balance at the beginning of the year	35,029,838	33,020,028	512,016	1,609	1,496,185
RECEIPTS					
Capital receipts, subdividers' contribution	11,428,365	10,805,471	622,894		
Investment interest earned	78,117			156	77,961
Ontario Home Renewal Program - Interest earned on loans	28,211				28,211
	11,534,693	10,805,471	622,894	156	106,172
EXPENDITURES					
Ontario Home Renewal Program - Loans forgiven	44,733				44,733
- Direct charge for administration	3,020				3,020
Subdividers' contributions refunded	8,185,216	7,465,858	719,358		
	8,232,969	7,465,858	719,358	-	47,753
Balance at the end of the year	38,331,562	36,359,641	415,552	1,765	1,554,604

The accompanying notes are an integral part of this financial statement.

CITY OF SCARBOROUGH

TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

1. ACCOUNTING POLICIES

The Trust Funds financial statements of the Corporation of the City of Scarborough are the representation of Management prepared in accordance with accounting policies prescribed for Ontario Municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

2. ONTARIO HOME RENEWAL PROGRAM

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to $7,500 of which the maximum forgivable portion is $4,000.

Ontario Home Renewal Program loans receivable at December 31, 1987 comprise repayable loans of $500,405 (1986 - $570,190) and forgivable loans of $87,937 (1986 - $114,974). Loan forgiveness is earned and recorded at a rate of up to $600 per year of continued ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.

3. INVESTMENTS

a) The total investments of $1,287,202 (1986 - $1,272,570) reported on the "Balance Sheet" at cost, have a market value of $1,342,138 (1986 - $1,298,541) at the end of the year.

b) The total investments reported on the "Balance Sheet" are consolidated for all of the Trust Funds reported on the "Statement of Continuity."

c) Interest on subdivider securities accrues directly to the depositer. Interest on cash-in-lieu of bonds accrues to the City.

THE BOARD OF HEALTH FOR THE

CITY OF SCARBOROUGH HEALTH UNIT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1987

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Deloitte
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Suite 900
10 Milner Business Court
Scarborough, Ontario M1B 3C6
(416) 293-7704
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AUDITORS' REPORT

To the Chairman and Members of the
The Board of Health for the
City of Scarborough Health Unit,
Members of Council, Inhabitants
and Ratepayers of the City of Scarborough:

We have examined the balance sheet of the Board of Health for the City of Scarborough Health Unit as at December 31, 1987, and the statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at December 31, 1987, and the results of its operations for the year then ended in accordance with the accounting principles disclosed in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells.

Chartered Accountants

February 26, 1988.

THE BOARD OF HEALTH FOR THE

CITY OF SCARBOROUGH HEALTH UNIT

BALANCE SHEET

AS AT DECEMBER 31, 1987

	1987	1986
ASSETS		
CASH	$ 85	$ 85
ACCOUNTS RECEIVABLE		
City of Scarborough	267,729	244,937
	267,814	245,022
LIABILITIES		
FUND BALANCE - TO BE USED TO OFFSET TAXATION IN 1988	267,814	245,022
	$267,814	$245,022

APPROVED BY THE BOARD

Joan M. Sayer. Chairman

K. FitzGerald Medical Officer of Health

The accompanying notes are an integral part of this financial statement.

THE BOARD OF HEALTH FOR THE

CITY OF SCARBOROUGH HEALTH UNIT

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1987

	1987 Budget $	1987 Actual $	1986 Actual $
SOURCES OF FINANCING			
Municipal grant	4,684,278	4,684,278	4,660,870
Province of Ontario subsidy	3,784,400	3,596,964	3,384,729
Federal grant	9,100	6,818	-
Fees and service charges	109,800	120,911	95,827
Other	126,100	121,665	130,041
	8,713,678	8,530,636	8,271,467
EXPENDITURES			
Employees' earnings and related benefits	7,203,200	6,763,415	6,512,211
Supplies and other services	1,731,200	1,694,511	1,506,727
Contributions for capital expenditures	24,300	49,918	32,637
	8,958,700	8,507,844	8,051,575
EXCESS OF FINANCING OVER EXPENDITURES (EXPENDITURES OVER FINANCING)	(245,022)	22,792	219,892
FUND BALANCE, BEGINNING OF YEAR	245,022	245,022	25,130
FUND BALANCE, END OF YEAR	NIL	267,814	245,022

The accompanying notes are an integral part of this financial statement.

THE BOARD OF HEALTH FOR THE
CITY OF SCARBOROUGH HEALTH UNIT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1987

1. ORGANIZATION AND DESCRIPTION OF THE BOARD

The Board is a corporation without share capital, as provided by The Health Protection and Promotion Act, Ontario (R.S.O. 1980). The Board has entered into an agreement with the Corporation of the City of Scarborough dated January 24, 1985 by which the City has agreed to carry out various functions on behalf of the Board. All accounting transactions are recorded by the City and the financial statements of the Board are prepared from the information maintained by the City.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the board are the representations of management prepared in accordance with accounting policies prescribed for Ontario Municipalities by the Ontario Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

Fixed Assets

The Board does not capitalize purchases of fixed assets. Included in the expenditures are contributions for capital expenditures totalling $49,918. (1986 -$32,637).

Fund Balance

In accordance with the requirements of the Municipal Act, the fund balance at December 31, 1987, is to be applied to reduce the Board's requisition for 1988.

Statement of Capital Operations

The capital operations of the Board have not been segregated as such information is readily determined from the information included with the statement of operations.

THE BOARD OF HEALTH FOR THE
CITY OF SCARBOROUGH HEALTH UNIT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1987

3. CONTINGENT LIABILITIES

The Scarborough Board of Health has been named as a co-defendant with the Province of Ontario, together with others, in two Statements of Claim filed with the Supreme Court of Ontario. Since the Board is unable to determine the amount, if any, that it may be responsible for, the financial statements contain no provision for this claim nor the recovery, if any, that the Board may realize from its insurers. In addition, the Board intends to develop and vigorously defend against this action.

SCARBOROUGH PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1987

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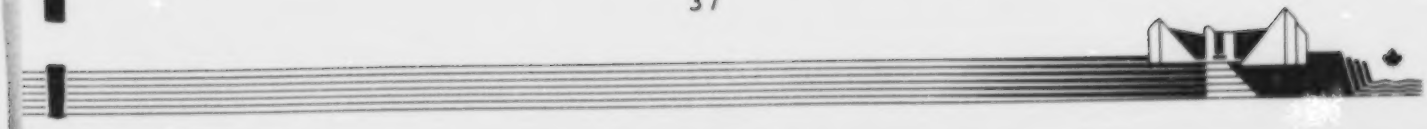

Deloitte
Haskins + Sells

Suite 900
10 Milner Business Court
Scarborough, Ontario M1B 3C6
(416) 293-7704
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AUDITORS' REPORT

To the Chairman and Members of the
Scarborough Public Library Board,
Members of Council, Inhabitants and
Ratepayers of the City of Scarborough:

We have examined the balance sheet of the Scarborough Public Library Board as at December 31, 1987, and the statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at December 31, 1987, and the results of its operations for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells.

Chartered Accountants

February 12, 1988.

Deloitte Samson a member of Deloitte Haskins & Sells International

SCARBOROUGH PUBLIC LIBRARY BOARD

BALANCE SHEET

DECEMBER 31, 1987

	1987	1986
ASSETS		
CASH	$ 588,587	$ 586,041
ACCOUNTS RECEIVABLE		
City of Scarborough	-	122,043
Other	14,880	12,114
PREPAID EXPENSE	66,177	46,643
CAPITAL OUTLAY TO BE RECOVERED IN FUTURE YEARS (Note 1 (iv))	363,615	453,554
	$1,033,259	$1,220,395
LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		
City of Scarborough	$ 41,607	$ -
Other	172,119	331,575
EMPLOYEES' DEDUCTIONS PAYABLE	245,894	174,621
NET LONG-TERM LIABILITIES (Note 4)	363,615	453,554
FUND BALANCES		
TO BE USED TO OFFSET TAXATION IN 1988 (Note 6)	111,147	287,755
UNEXPENDED CAPITAL FINANCING (CAPITAL OPERATIONS NOT YET PERMANENTLY FINANCED) (Note 6)	98,877	(27,110)
	$1,033,259	$1,220,395

Approved by the Board:

Marjorie Dawe, Chairman

Director

The accompanying notes are an integral part of this financial statement.

SCARBOROUGH PUBLIC LIBRARY BOARD

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1987

	1987				1986
	Revenue Fund		Capital Fund	Total	Total
	Budget	Actual	Actual	Actual	Actual
SOURCES OF FINANCING					
Grants					
Municipal	11,699,300	11,699,300	350,000	12,049,300	$10,810,600
Provincial	1,094,900	1,094,900	-	1,094,900	1,052,820
Federal/Provincial grant programs	-	63,880	52,448	116,328	23,508
Levied charges	208,000	212,290	-	212,290	204,244
Recoverables	15,000	18,494	-	18,494	15,856
Bank interest, commissions and other	230,000	204,289	-	204,289	218,107
	13,247,200	13,293,153	402,448	13,695,601	12,325,135
EXPENDITURES					
Administrative support	3,973,300	3,805,130	17,886	3,823,016	3,636,425
Northern district	2,523,100	2,508,052	222,043	2,730,095	2,024,413
Southeast district	2,943,500	2,979,865	-	2,979,865	2,779,972
Southwest district	3,349,800	3,393,774	55,983	3,449,757	3,123,584
Special services	745,200	699,609	-	699,609	691,521
Federal/Provincial grant programs	-	63,880	-	63,880	23,508
	13,534,900	13,450,310	295,912	13,746,222	12,279,423
EXCESS OF FINANCING (UNDER) OVER EXPENDITURES	(287,700)	(157,157)	106,536	(50,621)	45,712
APPROPRIATIONS-net appropriations between funds	-	(19,451)	19,451	-	-
FUND BALANCES BEGINNING OF YEAR	287,700	287,755	(27,110)	260,645	214,933
FUND BALANCES END OF YEAR	$ NIL	$ 111,147	$ 98,877	$ 210,024	$ 260,645
TO BE USED TO OFFSET TAXATION (Note 6)				$ 111,147	$ 287,755
UNEXPENDED CAPITAL FINANCING (CAPITAL OPERATIONS NOT YET PERMANENTLY FINANCED) (Note 6)				98,877	(27,110)
				$ 210,024	$ 260,645

The accompanying notes are an integral part of this financial statement.

SCARBOROUGH PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the board are the representations of management prepared in accordance with accounting policies prescribed for Ontario Municipalities by the Ontario Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

Balance Sheet

The balance sheet reflects the assets and liabilities of the revenue fund and the capital fund. Certain assets and liabilities are not reflected as described in this note.

Statement of Operations

This statement reflects the sources of financing and expenditures of the revenue fund and the capital fund of the Board.

Basis of Accounting

(i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest charges on long-term liabilities which are charged against operations in the periods in which they are paid.

(ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(iii) Fixed Assets
The historical cost and accumulated depreciation for fixed assets are not recorded for library board purposes. Fixed assets are reported as an expenditure on the statement of operations in the year of acquisition.

(iv) Capital Outlay to be Recovered in Future Years

"Capital Outlay to be recovered in future years", which represents the outstanding principal portion of unmatured long-term liabilities for library capital expenditure, is reported on the balance sheet.

2. LIABILITY FOR VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Board's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to $1,084,110. (1986 -$1,019,054.) at the end of the year. No provision has been made for this liability.

The cash payments required for anticipated normal retirements for the next three years are as follows:

1988	-	$ 2,280
1989	-	$ 22,241
1990	-	$ 13,912

3. PENSION AGREEMENTS

The Library Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 211 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 1987 was $329,142 (1986 - $319,950) for current service and is included as an expenditure on the Statement of Operations.

Under the past service provision of the OMERS agreement, the Board is obligated at December 31, 1987, for an amount of approximately $523,610 (1986 - $575,971), as established for the plans. No provision has been made for this liability. This liability is being funded by annual payments of $52,361 each year to, and including, 1997.

4. NET LONG-TERM LIABILITIES

(a) The Board has assumed the responsibility for payment of principal and interest charges on long-term liabilities issued by the City of Scarborough for library purposes.

	1987	1986
At year end the outstanding principal amount of this liability is	$ 501,168	$ 742,190
The total value of sinking funds which have been accumulated to the end of the year to retire the outstanding long-term liabilities included above, amount to	(137,553)	(288,636)
	$ 363,615	$ 453,554

(b) The long-term liabilities reported above are payable as follows:

1988 to 1992 - $295,780
1993 to 1996 - $ 67,835

5. CHARGES FOR LONG-TERM LIABILITIES

Total charges for the year for net long-term liabilities which are included in the expenditures reported in the statement of operations are as follows:

	1987	1986
Principal payments including contributions to sinking funds	$ 89,395	$ 103,226
Interest	78,674	117,331
	$168,069	$ 220,557

6. LIBRARY BOARD FUND BALANCES AT THE END OF THE YEAR

(a) The balances of the "statement of operations" of the Library Board equity of $210,024 (1986 - $260,645) at the end of the year are comprised of the following:

	1987	1986
- for general reduction of taxation in 1988	$111,147	$287,755
- Unexpended Capital Financing (Capital operations not yet permanently financed)	98,877	(27,110)
	$210,024	$260,645

(b) Approval of the Ontario Municipal Board has been obtained for the pending issue of long term liabilities and for those commitments to be financed from revenues beyond the term of Council.

(c) The unexpended capital financing amounting to $98,877 at December 31, 1987 will be expended on capital projects which will be completed during 1988.

7. NON ACCRUAL OF INTEREST ON LONG TERM LIABILITIES

No provision has been made in these financial statements for the accrual of interest on the net long term liabilities. Had this provision been made the library board fund balance as at December 31, 1987 would have been decreased by $11,293 (1986 - $14,658).

8. LEASE OBLIGATIONS

The Board has entered into various operating leases for equipment and premises. Such leases will require minimum payments which have been estimated to aggregate $2,401,000. Payments under such leases during the next five years are as follows:

1988 - $570,422
1989 - $547,214
1990 - $499,536
1991 - $445,507
1992 - $310,782

9. BUDGET FIGURES

Budgets established for Capital Funds are based on a project-oriented basis, the costs of which may be carried out over one or more years. As such, they are not directly comparable with current year actual amounts and budgets have therefore not been reflected on the Consolidated Statement of Operations.

THE BIRCH CLIFF VILLAGE BUSINESS IMPROVEMENT AREA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1987

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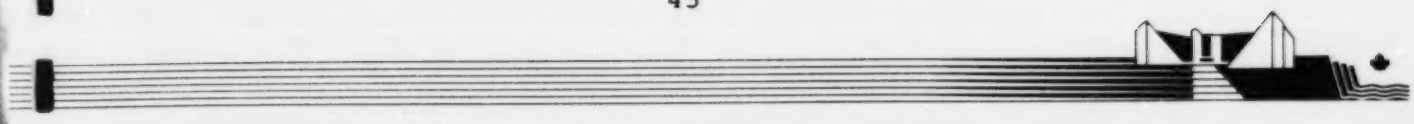

Deloitte
Haskins + Sells

Suite 900
10 Milner Business Court
Scarborough, Ontario M1B 3C6
(416) 293-7704
Cable DEHANDS

AUDITORS' REPORT

To Members of Council, Inhabitants and
Ratepayers of the City of Scarborough:

We have examined the balance sheet of The Birch Cliff Village Business Improvement Area as at December 31, 1987, and the statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Business Improvement Area as at December 31, 1987, and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Deloitte Haskins + Sells.

Chartered Accountants

February 12, 1988

Deloitte Samson a member of Deloitte Haskins & Sells International

THE BIRCH CLIFF VILLAGE BUSINESS IMPROVEMENT AREA

BALANCE SHEET

DECEMBER 31, 1987

	1987
ASSETS	NIL
LIABILITIES	NIL
FUND BALANCE	NIL

The accompanying notes are an integral part of this financial statement.

THE BIRCH CLIFF VILLAGE BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1987

	1987
SOURCE OF FINANCING	
Miscellaneous	$ 327
EXPENDITURE	
Administration	623
EXCESS OF EXPENDITURE OVER FINANCING	296
FUND BALANCE, BEGINNING OF YEAR	296
FUND BALANCE, END OF YEAR	-

The accompanying notes are an integral part of this financial statement.

THE BIRCH CLIFF VILLAGE BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

1. BUSINESS IMPROVEMENT AREA - DISSOLUTION

On November 30, 1987, the Council of the City of Scarborough passed By-Law 22057 to repeal By-laws 19427 and 19464 and to dissolve the Birch Cliff Village Business Improvement Area and the Board of Management for the Area. By-law 22057 came into effect on December 31, 1987.

2. COMPARATIVE FIGURES

Comparative figures have not been provided as they would not be meaningful in light of the dissolution of the Business Improvement Area as disclosed in Note 1.

THE CLIFFSIDE VILLAGE BUSINESS IMPROVEMENT AREA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1987

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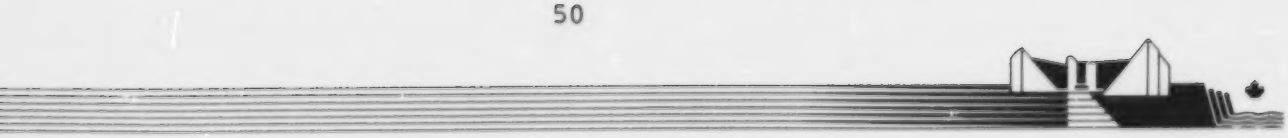

Deloitte
Haskins + Sells

Suite 900
10 Milner Business Court
Scarborough, Ontario M1B 3C6
(416) 293-7704
Cable DEHANDS

AUDITORS' REPORT

To the Chairman and Members of the
Board of Management of The Cliffside
Village Business Improvement Area,
Members of Council, Inhabitants and Ratepayers
of the City of Scarborough:

We have examined the balance sheet of The Cliffside Village Business Improvement Area as at December 31, 1987, and the statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Business Improvement Area as at December 31, 1987, and the results of its operations for the year then ended in accordance with accounting principles disclosed in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells.

Chartered Accountants

February 11, 1988.

Deloitte Samson a member of Deloitte Haskins & Sells International

THE CLIFFSIDE VILLAGE BUSINESS IMPROVEMENT AREA

BALANCE SHEET

DECEMBER 31, 1987

	1987	1986
ASSETS		
CASH	$ 974	$ 1,410
TERM DEPOSIT - Restricted	5,000	20,000
- Unrestricted	10,103	-
ACCOUNTS RECEIVABLE		
City of Scarborough	8,560	6,755
Other	33	58
PREPAID EXPENSES	699	-
	$25,369	$28,223
LIABILITIES		
ACCOUNTS PAYABLE	$ 5,778	$ 3,205
FUND BALANCE		
TO BE USED TO OFFSET TAXATION IN 1988 (Note 2)	14,591	5,018
RESERVE FUND - (Note 2)	5,000	20,000
	$25,369	$28,223

APPROVED BY THE BOARD OF MANAGEMENT

_____

_____

The accompanying notes are an integral part of this financial statement.

THE CLIFFSIDE VILLAGE BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1987

	1987		1986
SOURCES OF FINANCING	BUDGET $	ACTUAL $	ACTUAL $
Taxation			
City of Scarborough - net of write-off of uncollectable amounts of $15,005 (1986 - $10,446)	79,982	76,548	57,824
Grants			
Government of Canada		-	459
Other		1,770	2,689
	79,982	78,318	60,972
EXPENDITURES			
Beautification	36,000	30,790	32,282
Special promotions	25,000	30,402	10,815
Administration	24,000	22,553	21,579
	85,000	83,745	64,676
EXCESS OF EXPENDITURES OVER FINANCING	(5,018)	(5,427)	(3,704)
FUND BALANCE, BEGINNING OF YEAR	5,018	5,018	28,722
TRANSFERRED FROM (TO) RESERVE FUND (Note 2)	-	15,000	(20,000)
FUND BALANCE, END OF YEAR - Note 2	0	14,591	5,018

The accompanying notes are an integral part of this financial statement.

THE CLIFFSIDE VILLAGE BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representation of management prepared in accordance with accounting policies prescribed for Ontario Municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

Revenue:

The Business Improvement Area records as revenue from the City of Scarborough amounts billed by the City on its behalf. The amount shown as receivable from the City represents amounts yet to be collected by the Municipality from the members of the Business Improvement Area.

Fixed Assets:

The Business Improvement Area expenses the purchases of fixed assets.

2. FUND BALANCE

During the year ended December 31, 1986, the Business Improvement Area received approval from the Council of the City of Scarborough to transfer $20,000 of the Area's Fund Balance to a reserve fund for purposes of funding a portion of the participation in the Provincial Community Area Improvement Program. At December 31, 1987 $5,000 remains in the reserve fund balance.

In accordance with the requirements of the Municipal Act, the fund balance at December 31, 1987, is to be applied to reduce the Business Improvement Area's requisition for 1988.

3. COMMITMENTS

As part of the Cliffside Community Improvement Plan, the City of Scarborough has begun to construct infrastructure and streetscape improvements as part of the Provincial Community Area Improvement Program at a cost to approximate $300,000.

The Business Improvement Area's contribution to this project will be $50,000. A contribution of $16,675 was made in 1987 and is included in the expenditure special promotions on the Statement of Operations. The balance of $33,325 is to be contributed in annual installments during 1988 and 1989. The balance of the project will be funded through contributions by the City ($200,000) and the Province of Ontario ($50,000).

SCARBOROUGH HISTORICAL MUSEUMS BOARD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1987

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Deloitte
Haskins + Sells

Suite 900
10 Milner Business Court
Scarborough, Ontario M1B 3C6
(416) 293-7704
Cable DEHANDS

AUDITORS' REPORT

To the Chairman and Members of the
Scarborough Historical Museums Board,
Members of Council, Inhabitants,
and Ratepayers of the City of Scarborough:

We have examined the balance sheet of the Scarborough Historical Museums Board as at December 31, 1987, and the statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at December 31, 1987, and the results of its operations for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells.

Chartered Accountants

February 12, 1988

Deloitte Samson a member of Deloitte Haskins & Sells International

SCARBOROUGH HISTORICAL MUSEUMS BOARD

BALANCE SHEET

AS AT DECEMBER 31, 1987

	1987	1986
ASSET		
CASH	$ 15,188	$ 11,822
	$ 15,188	$ 11,822
LIABILITIES		
ACCOUNTS PAYABLE	$ 1,518	$ 2,211
DEFERRED REVENUE (Note 2)	4,000	
FUND BALANCE (Note 3)	9,670	9,611
	$ 15,188	$ 11,822

The accompanying notes are an integral part of this financial statement.

SCARBOROUGH HISTORICAL MUSEUMS BOARD

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1987

	1987 BUDGET $	1987 ACTUAL $	1986 ACTUAL $
SOURCES OF FINANCING			
City of Scarborough - operations	37,100	37,100	35,600
- housing	13,000	14,040	12,193
Scarborough Historical Society	300	567	614
Fees and services	2,350	2,837	2,397
Government of Ontario	19,000	19,826	13,423
Other	400	681	462
	72,150	75,051	64,689
EXPENDITURES			
Employees' earnings and related benefits	45,000	43,683	39,021
Supplies and other services (Note 4)	27,150	27,309	16,505
Provision for deferred revenue (Note 2)	-	4,000	-
	72,150	74,992	55,526
EXCESS OF FINANCING OVER EXPENDITURES	-	59	9,163
FUND BALANCE, BEGINNING OF YEAR	-	9,611	448
FUND BALANCE, END OF YEAR (Note 3)	-	9,670	9,611

The accompanying notes are an integral part of this financial statement.

SCARBOROUGH HISTORICAL MUSEUMS BOARD

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representation of management prepared in accordance with accounting policies prescribed for Ontario Municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

Fixed Assets

The Board expenses the purchases of fixed assets.

2. DEFERRED REVENUE

The Museums Board has a commitment with the Government of Ontario to hire an Intern student from September 1, 1987 to September 1, 1988 at a cost of $15,000. Deferred revenue represents monies received during 1987 relating to this commitment, which will not be expended until 1988.

3. FUND BALANCE

In accordance with the requirements of the Municipal Act, the fund balance at December 31, 1987, is to be applied to reduce the Board's requisition for 1988.

4. SUPPLIES AND OTHER SERVICES

Supplies and other services is made up of the following expenditures:

	1987	1986
Administration	$ 6,087	$ 1,874
Maintenance - General	3,826	315
- Housing	14,040	12,193
Curatorial	487	84
Conservation	348	396
Exhibits	504	31
Activities	1,587	514
Publicity	430	1,082
Other	-	16
	$ 27,309	$ 16,505

SCARBOROUGH HISTORICAL MUSEUMS BOARD

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

5. CAPITAL EXPENDITURES

During the year approximately $122,000 was expended by the City of Scarborough in major maintenance reconstruction to the Cornell House. It is anticipated that an additional $9,000 will be expended in 1988 to complete this project.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1987

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Deloitte
Haskins + Sells

Suite 900
10 Milner Business Court
Scarborough, Ontario M1B 3C6
(416) 293-7704
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Auditors' Report

To the Commissioners, Members of Council,
Inhabitants and Ratepayers of the
City of Scarborough
The Public Utilities Commission of the
City of Scarborough - Water Utility:

We have examined the balance sheet of The Public Utilities Commission of the City of Scarborough - Water Utility as at December 31, 1987 and the statements of revenue and expenditure and accumulated net income, changes in cash position and continuity of reserves and reserve funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Water Utility as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells.

Chartered Accountants

February 26, 1988

Deloitte Samson a member of Deloitte Haskins & Sells International

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

BALANCE SHEET

DECEMBER 31, 1987

	1987	1986
ASSETS		
	$	$
CURRENT ASSETS		
Cash	2,047	2,047
Short-term deposits	3,284,213	3,046,573
Accounts receivable (Note 2(a))	3,276,979	2,632,734
Unbilled revenue	2,760,073	2,318,273
Inventories	388,614	398,737
Prepaid expense	4,000	8,214
	9,715,926	8,406,578
CAPITAL OUTLAY TO BE RECOVERED IN FUTURE YEARS	323	6,059
OTHER LONG-TERM ASSETS		
Reserve funds (Note 2(b))	2,041,916	1,710,517
Deferred charges		
	11,758,165	10,123,154
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 2(c))	4,820,543	4,397,470
Deposits	999,828	676,920
	5,820,371	5,074,390
LONG-TERM DEBT (Note 2(d))	323	6,059
RESERVES	388,614	398,737
RESERVE FUNDS	2,041,916	1,710,517
ACCUMULATED NET INCOME INVESTED IN UTILITY PLANT OR HELD AS WORKING FUNDS	3,506,941	2,933,451
	11,758,165	10,123,154

Approved by the Commission: .....Commissioner

.....Commissioner

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

STATEMENT OF REVENUE AND EXPENDITURE AND ACCUMULATED NET INCOME

YEAR ENDED DECEMBER 31, 1987

	1987	1986
	$	$
SERVICE REVENUE		
Residential	14,111,091	12,689,836
Commercial	15,385,575	14,081,100
Industrial	5,889,703	5,557,975
Construction	75,295	59,450
Increase (decrease) in unbilled revenue	441,801	(275,602)
	35,903,465	32,112,759
COST OF WATER PURCHASED	27,168,900	23,988,075
GROSS MARGIN ON SERVICE REVENUE	8,734,565	8,124,684
OTHER OPERATING REVENUE (Note 2(e))	498,693	504,880
	9,233,258	8,629,564
OPERATION AND MAINTENANCE EXPENSE		
Distribution (Note 2(f))	3,296,991	3,773,245
General administration (Note 2(g))	4,461,715	4,034,236
	7,758,706	7,807,481
INCOME BEFORE DEBENTURE INTEREST	1,474,552	822,083
DEBENTURE INTEREST	473	1,347
OPERATING INCOME	1,474,079	820,736
OTHER		
Debt retirement	5,736	11,444
Capital expenditure	1,337,512	1,375,079
Contributions in aid of construction	(432,536)	(409,171)
	910,712	977,352
REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)	563,367	(156,616)
ACCUMULATED NET INCOME, BEGINNING OF YEAR	2,933,451	3,090,589
TRANSFER FROM (TO) INVENTORY RESERVE	10,123	(522)
ACCUMULATED NET INCOME, END OF YEAR	3,506,941	2,933,451

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

STATEMENT OF CHANGES IN CASH POSITION

YEAR ENDED DECEMBER 31, 1987

	1987	1986
	$	$
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Earnings before extraordinary item	1,474,079	820,736
Amortization deferred charges	-	9,518
Net change in non-cash working capital balances related to operations (Note 5)	(325,727)	(63,552)
Cash provided by operating activities	1,148,352	766,702
CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES		
Expenditure on capital works	(1,337,512)	(1,375,079)
Capital contributions received	432,536	409,171
Total	(904,976)	(965,908)
CASH USED IN FINANCING ACTIVITIES		
Repayment of long-term debt	(5,736)	(11,444)
Net increase (decrease) in cash during year	237,640	(210,650)
Cash position, beginning of year	3,048,620	3,259,270
Cash position, end of year	3,286,260	3,048,620
Cash position comprises:		
Cash	2,047	2,047
Term deposits	3,284,213	3,046,573
	3,286,260	3,048,620

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

STATEMENT OF CONTINUITY OF RESERVES AND RESERVE FUNDS

YEAR ENDED DECEMBER 31, 1987

RESERVE FOR INVENTORIES

	1987 $	1986 $
BALANCE, BEGINNING OF YEAR	398,737	398,215
Transfer (to) from accumulated net income	(10,123)	522
BALANCE, END OF YEAR	388,614	398,737

RESERVE FUNDS

	Trunk Watermain $	Water Impost $	Equipment Replacement $	1987 Total $	1986 Total $
BALANCE, BEGINNING OF YEAR	101,656	977,863	630,998	1,710,517	1,586,118
REVENUE					
Contributions from contractors and subdividers	406,076	68,690	-	474,766	308,689
Interest earned	16,292	144,381	-	160,673	116,752
Vehicle and equipment credits	-	-	242,011	242,011	267,659
	422,368	213,071	242,011	877,450	693,100
EXPENDITURES					
Contributions for capital expenditure	130,481	-	-	130,481	109,641
Inspection costs	250,548	-	-	250,548	186,600
Purchase of vehicles and equipment	-	-	165,022	165,022	272,460
	381,029	-	165,022	546,051	568,701
BALANCE, END OF YEAR	142,995	1,190,934	707,987	2,041,916	1,710,517

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

Inventories

Inventories consist of repair parts, supplies and materials held for future capital expansion and are valued at average cost.

Capital outlay to be recovered in future years

The historical cost and accumulated depreciation of fixed assets, are not reported. Instead, the "Capital outlay to be recovered in future years", which is equal in amount to the outstanding principal portion of unmatured long-term debt financed by the municipality, is reported on the balance sheet.

Reserve fund assets

Assets held for reserve funds are restricted as to use by Section 165 of the Municipal Act, Ontario (RSO.1980)

Long-term debt

Principal payments on long-term debt are included in debt retirement in the Statement of Revenue and Expenditure and Accumulated Net Income.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition of revenue from sale of water

Service revenue is recorded on the basis of regular meter readings and estimates of unbilled customer usage since the last meter reading date to the end of the year. The volume and valuation of this unbilled water usage will vary at each year end due to seasonal temperature variation and increases in rates.

Sharing of joint operations

Under the authority of The Public Utilities Act, Ontario and By-Law 1009 of the Corporation of the City of Scarborough, the Commission is charged with the responsibility of operating two separate utilities to distribute water and electricity to customers in the City of Scarborough.

The Water Utility's operations are transacted through a common accounting system operated with the Electric Utility and distributed to the accounts of both utilities.

Costs which cannot be specifically assigned to one of the utilities are allocated on an established percentage to both. This percentage is established by measuring the cost incurred separately by each utility in such areas as customer classification, frequency and difficulty of billing, occupation of space and utilization of collecting, servicing, engineering, warehousing and fleet functions. The allocation arrived at is periodically reviewed and approved by Ontario Hydro.

Equipment replacement reserve fund

The equipment replacement reserve fund earns credits based on the use of vehicles and equipment in operations. These credits are transferred to the reserve fund in lieu of depreciation. The Utility anticipates that the replacement of its vehicles and equipment will be financed by the monies accumulated in the reserve fund.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

2. SUPPLEMENTARY FINANCIAL INFORMATION

	1987 $	1986 $
(a) Accounts receivable		
Residential, commercial and industrial accounts	1,720,419	1,684,627
Other	1,556,560	948,107
	3,276,979	2,632,734
(b) Reserve funds		
Cash	2,282,941	1,645,369
Investment -deposit receipts	707,987	630,998
Due to electrical utility	(286,889)	(135,116)
Due to water utility	(662,123)	(430,734)
	2,041,916	1,710,517
(c) Accounts payable		
Water	4,083,791	3,974,288
Other	736,752	423,182
	4,820,543	4,397,470

(d) Long-term debt

Remaining principal payments due on long-term debt are as follows:

1988	323

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

2. SUPPLEMENTARY FINANCIAL INFORMATION (continued)

	1987 $	1986 $
(e) Other Operating Revenue		
Interest	351,759	368,041
Late Payment Charges	75,292	65,324
Miscellaneous	71,642	71,515
	498,693	504,880
(f) Distribution - Operation and Maintainance		
Watermain maintainance	2,220,199	2,460,595
Water meter maintainance	381,356	439,838
Water services	418,306	546,698
Consumer premises	148,208	161,280
Miscellaneous	128,922	164,834
	3,296,991	3,773,245
(g) General Administration		
Billing and Collections	1,254,707	1,268,153
Information Resources	1,154,737	983,166
Rent	643,174	625,237
Customer Service	239,166	254,717
Miscellaneous	1,169,931	902,963
	4,461,715	4,034,236

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

3. COMMITMENTS

The Commission has a lease commitment for the provision of information processing services. The Water Utility's share of the minimum annual commitment will amount to approximately $328,000. In addition there are regular annual variable costs of approximately $506,000.

4. RELATED PARTY TRANSACTIONS

Charges for services provided to the City of Scarborough are made under the same terms and conditions as those used in the ordinary course of business, with the exception of the overhead charge on labour. This item is charged at a privileged rate extended only to government bodies.

5. STATEMENT OF CHANGES IN CASH POSITION

Net change in non-cash working capital balances related to operations comprises the following:

	1987 $	1986 $
(Increase) in accounts receivable	(644,244)	(698,250)
(Increase) decrease in unbilled revenue	(441,801)	275,602
Decrease (increase) in inventories	10,123	(522)
Decrease (increase) in other assets	4,214	(6,214)
Increase in accounts payable	423,073	193,556
Increase in other liabilities	322,908	172,276
	(325,727)	(63,552)

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

6. PENSION AGREEMENT

The Commission makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 146 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 1987 was $301,945 (1986 $279,825) for current service and is included as an expenditure on the Statement of Operations. There are no past service liabilities.

7. PUBLIC LIABILITY INSURANCE

In recent years there have been substantial increases in the premiums charged by the insurance industry for public liability insurance. As a result, the Commission has undertaken some portion of the risk, which would normally have been covered by outside insurers.

The Commission is self insured for public liability claims up to $1,000,000 for any individual claim or for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these limits.

Claims settled during the year amounted to $2,796 (1986 - $3,764) and have been reported as an expenditure on the Statement of Revenue and Expenditure and Accumulated Net Income.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1987

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Deloitte
Haskins + Sells

Suite 900
10 Milner Business Court
Scarborough, Ontario M1B 3C6
(416) 293-7391
Cable DEHANDS

Auditors' Report

To the Commissioners, Members of Council,
Inhabitants and Ratepayers of the
City of Scarborough
The Public Utilities Commission of the
City of Scarborough - Electric Utility:

We have examined the balance sheet of The Public Utilities Commission of the City of Scarborough - Electric Utility as at December 31, 1987 and the statements of operations, equity, changes in cash position and continuity of reserve funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Electric Utility as at December 31, 1987 and the results of its operations and the changes in its financial position and the continuity of its reserve funds for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells

Chartered Accountants

February 26, 1988

Deloitte Samson a member of Deloitte Haskins & Sells International

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

BALANCE SHEET

DECEMBER 31, 1987

	1987	1986
	$	$
ASSETS		
FIXED ASSETS (Note 2(a))	120,005,684	113,836,860
CURRENT ASSETS		
Cash and bank	2,788	2,194,796
Term deposits	17,350,813	9,817,357
Accounts receivable (Note 2(b))	13,111,121	11,910,096
Unbilled revenue	16,528,800	14,676,268
Inventories	5,828,150	5,597,057
Other current assets	216,440	90,466
	53,038,112	44,286,040
OTHER ASSETS		
Reserve funds (Note 2(c))	2,410,171	3,257,839
Unamortized debenture discount	62,703	73,520
Collateral funds (Note 3)	3,303,450	2,875,362
	5,776,324	6,206,721
	178,820,120	164,329,621

Approved by the Commission:

.....Commissioner

.....Commissioner

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

BALANCE SHEET

DECEMBER 31, 1987

	1987	1986
	$	$
LIABILITIES		
LONG-TERM DEBT (Note 2(d))	2,315,818	3,012,489
CURRENT LIABILITIES		
Accounts payable (Note 2(f))	17,635,344	16,176,528
Current portion of long-term debt	104,464	151,085
	17,739,808	16,327,613
OTHER LIABILITIES		
Long-term customer deposits	1,785,665	1,149,012
Collateral funds liability (Note 3)	3,303,450	2,875,362
Reserve funds	2,410,171	3,257,839
	7,499,286	7,282,213
DEFERRED CREDITS		
Contributions in aid of construction	20,296,614	16,955,026
Amortization to date	(2,562,431)	(1,886,507)
	17,734,183	15,068,519
UTILITY EQUITY	133,531,025	122,638,787
	178,820,120	164,329,621

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1987

	1987	1986
	$	$
SERVICE REVENUE		
Residential	61,111,939	58,553,457
Commercial	80,874,329	73,480,290
Industrial	42,347,679	38,332,831
Large user	13,895,486	14,500,071
Street lighting	1,669,463	1,579,446
Increase (decrease) in unbilled revenue	1,852,532	(1,987,758)
	201,751,428	184,458,337
COST OF POWER PURCHASED	173,912,216	158,877,915
GROSS MARGIN ON SERVICE REVENUE	27,839,212	25,580,422
OTHER OPERATING REVENUE (Note 2(g))	5,158,305	4,064,908
	32,997,517	29,645,330
OPERATION AND MAINTENANCE EXPENSE		
Distribution (Note 2(h))	6,579,044	6,600,054
Utilization (Note 2(i))	640,607	626,169
General administration	8,602,814	7,616,291
Depreciation (Note 2(j))	6,491,432	5,907,950
Amortization of contributions in aid of construction	(675,924)	(541,915)
	21,637,973	20,208,559
INCOME BEFORE FINANCIAL EXPENSE	11,359,544	9,436,771
FINANCIAL EXPENSE		
Interest (Note 2(k))	1,356,698	1,377,111
Income from sinking fund	(889,392)	(791,809)
	467,306	585,302
NET INCOME	10,892,238	8,851,469
APPROPRIATION OF NET INCOME		
For debt retirement	743,292	834,214
For accumulated net income	10,148,946	8,017,255
	10,892,238	8,851,469

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

STATEMENT OF EQUITY

YEAR ENDED DECEMBER 31, 1987

	1987	1986
	$	$
ACCUMULATED FROM CAPITAL SOURCES		
Debt retirement		
Balance, beginning of year	22,247,492	21,413,278
Debt installments and sinking fund deposits paid during year	743,292	834,214
Balance, end of year	22,990,784	22,247,492
Contributions in aid of construction prior to January 1, 1980	11,302,125	11,302,125
	34,292,909	33,549,617
ACCUMULATED NET INCOME		
Balance, beginning of year	89,089,170	81,071,915
Appropriation of net income for year	10,148,946	8,017,255
Balance, end of year	99,238,116	89,089,170
TOTAL UTILITY EQUITY	133,531,025	122,638,787

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

STATEMENT OF CONTINUITY OF RESERVE FUNDS

YEAR ENDED DECEMBER 31, 1987

	Underground Lines and Transformers $	Street Lighting $	Street Lighting Cash Settlements $	1987 Total $	1986 Total $
BALANCE, BEGINNING OF YEAR	2,323,814	886,079	47,946	3,257,839	4,757,628
REVENUE					
Subdividers' contributions	2,301,207	1,227,266	83,970	3,612,443	2,226,746
	4,625,021	2,113,345	131,916	6,870,282	6,984,374
EXPENDITURES					
Services installed for subdividers	-	1,061,932	-	1,061,932	695,303
Contributions in aid of construction (Note 2(1))	3,280,252	-	-	3,280,252	2,931,987
Transferred to municipality	-	-	117,927	117,927	99,245
	3,280,252	1,061,932	117,927	4,460,111	3,726,535
BALANCE, END OF YEAR	1,344,769	1,051,413	13,989	2,410,171	3,257,839

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

STATEMENT OF CHANGES IN CASH POSITION

YEAR ENDED DECEMBER 31, 1987

	1987	1986
	$	$
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Earnings before extraordinary item	10,892,238	8,851,469
Add charges to operations not requiring a current cash payment		
Amortization of deferred charges	-	13,697
Depreciation (Note 2(j))	7,017,310	6,388,354
Less Amortization of contributed capital	(675,924)	(541,915)
	17,233,624	14,711,605
Net change in non-cash working capital balances related to operations (Note 7)	(1,998,429)	1,476,640
Cash provided by operating activities	15,235,195	16,188,245
CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES		
Additions to fixed assets	(13,186,134)	(12,907,542)
Capital contributions received (Note 2(l))	3,341,588	3,133,071
Decreases in other non-current balance sheet items	647,470	368,165
Total	(9,197,076)	(9,406,306)
CASH USED IN FINANCING ACTIVITIES		
Repayment of long-term debt	(696,671)	(785,319)
Net increase in cash during the year	5,341,448	5,996,620
Cash position, beginning of year	12,012,153	6,015,533
Cash position, end of year	17,353,601	12,012,153
Cash position comprises:		
Cash	2,788	2,194,796
Term deposits	17,350,813	9,817,357
	17,353,601	12,012,153

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles for municipal electrical utilities in Ontario as required by Ontario Hydro under the authority of Section 96 of The Power Corporation Act (RSO.1980) and reflect the following policies as set forth in the Manual "Accounting for Municipal Electrical Utilities in Ontario".

Fixed assets and depreciation

Fixed assets are stated at cost and along with the related accumulated depreciation are removed from the accounts at the end of their estimated average service lives except in those instances where specific identification allows their removal at retirement or disposition. Gains or losses to retirement or disposition are credited or charged to miscellaneous income.

Depreciation is provided for on the straight-line basis over the useful life of the various assets as required by the Manual. Depreciation rates are substantially as follows:

Buildings	1.67% - 3.33%
Transmission and distribution plant	2.50% - 4.00%
Equipment, furniture and rolling stock	6.67% - 25.00%

Repairs and maintenance expenditures are charged to operations.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories consist of repair parts, supplies and material held for future capital expansion and are valued at average cost.

Reserve fund assets

Assets held for reserve funds are restricted as to use by Section 165 of The Municipal Act, Ontario (RSO. 1980).

Unamortized debenture discount

Discounts, premiums and expenses on issue of debentures are charged to operations on a straight-line basis over the term of the respective debentures.

Long-term debt

Principal payments on long-term debt are recorded as an appropriation of net income on the statement of operations.

Excess earnings on sinking fund debentures

Earnings of the sinking fund debentures, which are in excess of the amount which will be required to repay the principal, are recorded as receivable in the year earned. Application of these earnings is restricted by The Municipal Act, Ontario and in accordance with the Act, the excess earnings are applied to reduce the annual debt charges.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions in aid of construction

Contributions in aid of construction consist of third party contributions toward the cost of constructing Commission assets such as the installation of underground distribution lines and services in new subdivisions. Contributions received after 1980 are recorded as deferred credits and amortized to income over the life of the asset. Contributions received prior to January 1, 1980 are considered a permanent part of equity and will not be amortized.

Recognition of revenue from sale of electricity

Service revenue is recorded on the basis of regular meter readings and estimates of customer usage since the last meter reading date to the end of the month. The volume and valuation of this unbilled electricity usage will vary at each month end due to seasonal temperature variation and increases in sales rates.

Translation of foreign currencies

Long-term debt payable in United States dollars is recorded at the U.S. dollar equivalent at the time that the debenture debt was issued. No conversion has been made into the Canadian dollar equivalent at the exchange rate prevailing at December 31. Foreign exchange applicable to debt principal and interest payments is included in financial expenses as incurred.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Sharing of joint expenses

Under the authority of The Public Utilities Act, Ontario and By-Law 1009 of the Corporation of the City of Scarborough, the Commission is charged with the responsibility of operating two separate utilities to distribute electricity and water to customers in the City of Scarborough.

The Electric Utility's operations are transacted through a common accounting system operated with the Water Utility and distributed to the accounts of both utilities.

Costs which cannot be specifically assigned to one of the utilities are allocated on an established percentage to both. This percentage is established by measuring the cost incurred separately by each utility in such areas as customer classification, frequency and difficulty of billing, occupation of space and utilization of collecting, servicing, engineering, warehousing and fleet functions. The allocation arrived at is periodically reviewed and approved by Ontario Hydro.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

2. SUPPLEMENTARY FINANCIAL INFORMATION

	1987 $	1986 $
(a) Fixed assets		
Land	1,889,310	1,890,768
Buildings	14,416,029	14,353,922
Distribution system	148,449,431	137,001,866
Other capital assets	13,155,861	11,981,133
	177,910,631	165,227,689
Accumulated depreciation	(57,904,947)	(51,390,829)
	120,005,684	113,836,860
(b) Accounts receivable		
Electrical energy		
Residential	3,955,695	4,206,644
All other	5,678,313	5,446,308
Sundry	3,730,770	2,528,861
	13,364,778	12,181,813
Allowance for doubtful accounts	(253,657)	(271,717)
	13,111,121	11,910,096
(c) Reserve funds		
Assets held for reserve funds consist of the following:		
Term deposits	1,971,469	2,221,610
Accounts receivable	438,702	1,036,229
	2,410,171	3,257,839

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

2. SUPPLEMENTARY FINANCIAL INFORMATION (continued)

	1987 $	1986 $
(d) Long-term debt		
Debentures financed by the Municipality	10,944,711	11,256,617
Current value of sinking fund (Note 2(e))	(8,524,429)	(8,093,043)
	2,420,282	3,163,574
Payments due in one year	(104,464)	(151,085)
	2,315,818	3,012,489

The debentures and loans bear various interest rates and due dates and are payable over various periods up to ten years.

Sinking fund deposits due in the next five years are as follows (assuming no further reductions due to excess earnings):

1988	104,464
1989	100,846
1990	100,846
1991	100,846
1992	100,846

Included in the debentures is an amount of $4,820,631 payable in United States dollars. If the liability were converted to Canadian dollars at the exchange rate prevailing at December 31 the long term debt would be increased by $1,542,602.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

2. SUPPLEMENTARY FINANCIAL INFORMATION (continued)

	1987 $	1986 $
(e) Sinking fund deposits		
Sinking fund deposits contributed by the utility during the year	151,085	188,279
Accumulated earnings of sinking fund,end of year	3,214,002	2,621,795
Sinking fund on deposit with trustee	8,524,429	8,093,043
(f) Accounts payable		
Electricity	14,657,603	13,375,669
Other	2,977,741	2,800,859
	17,635,344	16,176,528
(g) Other operating revenue		
Water heater rentals	724,196	723,019
Premises and other rentals	1,463,046	1,224,983
Late payment charges	841,637	725,464
Interest	1,517,213	1,065,746
Miscellaneous	612,213	325,696
	5,158,305	4,064,908

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

2. SUPPLEMENTARY FINANCIAL INFORMATION (continued)

	1987 $	1986 $
(h) Distribution - Operation and maintenance		
Substation equipment	1,533,913	1,285,574
Overhead lines	2,230,153	2,816,524
Underground lines	1,466,180	1,330,688
Transformers	626,438	368,026
Meters	722,360	799,242
	6,579,044	6,600,054
(i) Utilization - operation and maintenance		
Customer premises	397,627	380,592
Customer relations	242,980	245,577
	640,607	626,169
(j) Depreciation expense		
Included in overhead costs and other expenditure classifications	525,878	480,404
Shown separately	6,491,432	5,907,950
	7,017,310	6,388,354

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

2. SUPPLEMENTARY FINANCIAL INFORMATION (continued)

	1987 $	1986 $
(k) Interest expense		
Debentures	1,002,840	1,012,137
Other interest	353,858	364,974
	1,356,698	1,377,111
(l) Contributions in aid of construction		
Transferred from reserve funds	3,280,252	2,931,987
Contributions from other sources	61,336	201,084
	3,341,588	3,133,071

3. COLLATERAL FUNDS

The Collateral funds liability consists of cash deposits from customers held as a guarantee against possible default in payment of energy billings. The asset account represents investments designated to cover the actual liability.

4. EQUITY IN ONTARIO HYDRO

Included in the cost of electrical energy purchased from Ontario Hydro are amounts required to cover debt principal repayments of the Corporation. The amounts paid by the Utility are deemed to have accumulated an equity in Ontario Hydro totalling $86,547,067 as at December 31, 1986, the latest year for which information is available. Reference to this equity is made only in a note to the financial statements since no proprietary interest exists.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

5. COMMITMENTS

The Commission has a lease commitment for the provision of information processing services. The Electric Utility's share of the minimum annual commitment will amount to approximately $472,000. In addition there are regular annual variable costs of approximately $728,000.

6. RELATED PARTY TRANSACTIONS

During the year, the Utility provided electrical energy (at a rate approved by Ontario Hydro) and maintained the street lighting system for the City of Scarborough. The cost of maintenance charged to the City was $977,793 (1986 -$1,058,160), and was billed under the same terms and conditions as those used in the ordinary course of business, with the exception of the overhead charge on labour. This item was billed at a privileged rate extended only to government bodies.

7. STATEMENT OF CHANGES IN CASH POSITION

Net change in non-cash working capital balance related to operations comprises the following:

	1987 $	1986 $
(Increase) decrease in accounts receivable	(1,201,025)	741,013
(Increase) decrease in unbilled revenue	(1,852,532)	1,987,758
(Increase) in inventory	(231,093)	(6,923)
(Increase) in other assets	(125,974)	(8,781)
Increase (decrease) in accounts payable	1,412,195	(1,236,427)
	(1,998,429)	1,476,640

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1987

8. PENSION AGREEMENT

The Commission makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 324 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of services and rates of pay.

The amount contributed to OMERS for 1987 was $699,916 (1986 $653,064) for current service and included as an expenditure on the Statement of Operations.
There are no past service liabilities.

9. PUBLIC LIABILITY INSURANCE

Scarborough Public Utilities Commission is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE" - formerly called the Liability Insurance Plan of the Municipal Electric Association) which was created on January 1, 1987. A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other through the same attorney. MEARIE provides general liability insurance to member electric utilities in accordance with the Power Corporation Act of Ontario, subsection 97(2).

Insurance premiums charged to each municipal electric utility consists of a levy per thousand dollars of service revenue subject to a credit/surcharge based on each electric utility's claims experience. Settlements are paid from MEARIE for the first $5,000,000. All settlements, except environmental and directors and officers liability settlements, between $5,000,000 and $10,000,000 are underwritten by a designated insurer to which insurance premiums are paid.

9. PUBLIC LIABILITY INSURANCE (continued)

Scarborough Public Utilities Commission has been jointly named as a defendant in an action arising from an automobile accident. The claimant is seeking total damages of $1,250,000. No provision has been made for this liability as the Commission is of the opinion that the full amount is covered by its insurance.

10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current years presentation.